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ARIZONA CORPORATION COMMISSION
DOCKETED

1 Michael A. Parham
2 5333 North Seventh Street
3 Suite B213
4 Phoenix, Arizona 85014
5 (602)265-6804

6 Attorney for ICR Water User Association
7 State Bar No. 4853

BEFORE THE ARIZONA CORPORATION COMMISSION

8 MARC SPITZER
9 Chairman

10 JIM IRVINE
11 Commissioner

Arizona Corporation Commission

DOCKETED

MAR 13 2003

12 JEFF HATCH-MILLER
13 Commissioner

14 MIKE GLEASON
15 Commissioner

16 WILLIAM MUNDELL
17 Commissioner

DOCKETED BY

mae

18 IN THE MATTER OF THE APPLICATION OF ICR)
19 WATER USERS ASSOCIATION, INC. FOR AN)
20 EXTENSION OF ITS EXISTING CERTIFICATE OF)
21 CONVENIENCE AND NECESSITY)

Docket No. W-02824A-01-900

) APPLICANT'S NOTICE

) SATISFACTION OF

) COMPLIANCE ACTIONS

22 ICR Water Users Association, Inc. (ICR) hereby gives notice that it has satisfied the
23 requirements of the Opinion and Order of the ALJ in this matter which was adopted by the
24 Commission in its Order entered March 25, 2002.

25 With this are documents demonstrating compliance with the actions required in said
26 Opinion and Order.

DATED this 12th day of March, 2003.

LAW OFFICES
MICHAEL A. PARHAM
PARAGON PLAZA SUITE B-213
5333 NORTH 7TH STREET
PHOENIX, ARIZONA 85014
602-265-6804

LAW OFFICES
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PHOENIX, ARIZONA 85014
602-265-6804

LAW OFFICES OF MICHAEL A. PARHAM

By: 

Michael A. Parham
5333 North Seventh Street
Suite B213
Phoenix, Arizona 85014
(602) 265-6804
Attorney for ICR Water User Association

ORIGINAL and ten (10)
copies of the foregoing filed
this 12th day of March,
2003, with:

Arizona Corporation Commission
Docket Control-Utilities Division
1200 W. Washington Street
Phoenix, AZ 85007

COPY of the foregoing
delivered this 12th day of
March, 2003, to:

Marc Spitzer
Compliance Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, AZ 85007

Jim Irvine
Arizona Corporation Commission
1200 West Washington Street
Phoenix, AZ 85007

Jeff Hatch-Miller
Arizona Corporation Commission
1200 West Washington Street
Phoenix, AZ 85007

Mike Gleason
Arizona Corporation Commission
1200 West Washington Street
Phoenix, AZ 85007

LAW OFFICES
MICHAEL A. PARHAM
PARAGON PLAZA SUITE B-213
5333 NORTH 7TH STREET
PHOENIX, ARIZONA 85014
602-265-6804

William Mundell
1 Arizona Corporation Commission
1200 West Washington Street
2 Phoenix, AZ 85007

3 B. Kester
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WILLIAM A. MUNDELL
CHAIRMAN
JIM IRVIN
COMMISSIONER
MARC SPITZER
COMMISSIONER



BRIAN C. McNEIL
EXECUTIVE SECRETARY

ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION
1200 W. WASHINGTON STREET
PHOENIX, AZ 85007

Notice of Compliance

March 28, 2002

Mr. Swayze E. McCraine
ICR Water Users Association
7765 Williamson Valley Road
Prescott, Arizona 86305

RE: DOCKET NO: W-02824A-01-0900 DECISION NO: 64667 DATED 03/25/2002

Dear Mr. McCraine:

This letter is to provide you with notice of certain compliance actions ordered by the Arizona Corporation Commission (Commission) in the above-referenced Decision. Attached is a Compliance Notice that describes certain compliance actions that may require you to file documents by certain dates and/or time schedules. In addition, the Decision may also contain provisions that require compliance, but does not have compliance dates or time schedules. Please read the Decision carefully and comply with all of its provisions. Also included is a Compliance Filing Instruction sheet to assist you in filing documents appropriately.

If you have any questions, please contact me at 602-542-0818.

Sincerely,

Patrick C. Williams
Manager, Compliance and Enforcement
Utilities Division

Enclosure/s

Compliance Notice

Report Date: March 28, 2002

COMPANY: ICR Water Users Association

DOCKET NO. W-02824A-01-0900

DECISION NO. 64667

DECISION DATE: 03/25/2002

COMPLIANCE ACTION: Certificate of Convenience and Necessity conditioned on Company filing with the Director of the Utilities Division, a copy of the developer's letter of adequacy for Phase I issued by the ADWR within 365 days of the effective date of Commission's Decision. In the event the Company fails to meet this condition in a timely fashion, the approval granted by the Commission shall be null and void without further Order by the Commission.

COMPLIANCE DUE DATE: 03/25/2003

COMPLIANCE ACTION: Certificate of Convenience and Necessity conditioned on Company filing with the Director of the Utilities Division, a copy of the Approval to Construct with the appropriate main extension agreement within 365 days of the effective date of Commission's Decision. In the event the Company fails to meet this condition in a timely fashion, the approval granted by the Commission shall be null and void without further Order by the Commission.

COMPLIANCE DUE DATE: 03/25/2003

COMPLIANCE ACTION: Certificate of Convenience and Necessity conditioned on Company filing with the Director of the Utilities Division, copies of all documents of conveyance from the developer of Whispering Canyon. In the event the Company fails to meet this condition in a timely fashion, the approval granted by the Commission shall be null and void without further Order by the Commission.

COMPLIANCE DUE DATE: 03/25/2003

COMPLIANCE ACTION: Certificate of Convenience and Necessity conditioned on Company amending the Agreement between Company and Whispering Canyon and file a copy of the relevant documents transferring ownership of the well and related water production facilities to ICR within 365 days of the effective date of the Commission's Decision or the approval granted shall be rendered null and void without further Order by the Commission.

COMPLIANCE DUE DATE: 03/25/2003

BILL OF SALE

Be IT KNOWN, for good consideration, and in payment of the sum of **Zero Dollars and 00/100 (\$ ---0---)** the receipt and sufficiency of which is acknowledged, the undersigned **Old Capitol Investments, L.L.C. and Whispering Canyon Development, L.L.C.** of 115 W. Goodwin St., Prescott AZ 86303 hereby sells and transfers to **Inscription Canyon Ranch Water Users Association, of Prescott, AZ**, successors and assigns forever, the following described water infrastructure: See Schedule "A"

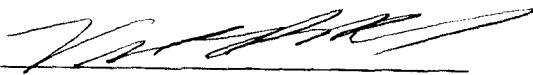
The Seller warrants to Buyer it has good and marketable title to said infrastructure, full authority to sell and transfer said infrastructure and that said infrastructure is sold free of all liens, encumbrances, liabilities and adverse claims of every nature and description whatsoever.

Seller further warrants to Buyer that it will fully defend, protect, and hold harmless the Buyer and its lawful successors and assigns from any adverse claim made thereto by all persons whomsoever.

Said infrastructure is otherwise sold "as is" condition and where presently located.

Signed this 14th day of February, 2003.

Signatures:



Seller: Victor Hambrick
Agent

Buyer:

SCHEDULE "A"

Whispering Canyon On-Site/Off-Site Water Items

Description	Quantity	U/M	Unit Price	Total Cost Transferred
ON-SITE WATER				
8" PVC Water	17,815	lf	20.00	356,300.00
8" Wline Vertical Realignments	19	ea	1,500.00	28,500.00
8" Gate Valve, B&C	46	ea	720.00	33,120.00
8" Wline Tees	15	ea	500.00	7,500.00
8" Wline Bends	44	ea	150.00	6,600.00
8" Wline Cross	2	ea	610.00	1,220.00
Fire Hydrant Assy/Shldr Widening	26	ea	2,400.00	62,400.00
Wline Blowoff	20	ea	530.00	10,600.00
Wline ARV	20	ea	550.00	11,000.00
Single Water Service	20	ea	880.00	17,600.00
Double Water Service	36	ea	1,000.00	36,000.00
2" Landscaping Service	2	ea	1,950.00	3,900.00
Concrete Encasement	580	lf	50.00	29,000.00
Subtotal On-Site Water				603,740.00
OFF-SITE WATER				
8" PVC Water Main	9,124	lf	20.00	182,480.00
8" DIP Water Main	316	lf	40.00	12,640.00
6" DIP Water Main	36	lf	38.00	1,368.00
8" Gate Valve, Box & Cover	28	ea	800.00	22,400.00
8" x 8" TS, Box & Cover	1	ea	1,800.00	1,800.00
8" x 6" TS, Box & Cover	1	ea	1,300.00	1,300.00
8" Blind Flange	1	ea	100.00	100.00
8" Cross	3	ea	650.00	1,950.00
8" Bends	25	ea	135.00	3,375.00
8" Tees	5	ea	430.00	2,150.00
8" PVC Horizontal Realignment	8	ea	220.00	1,760.00
Waterline Air Release Valve	7	ea	650.00	4,550.00
Waterline Blow Off	1	ea	530.00	530.00
8" Waterline Drop/Restrains	3	ea	1,000.00	3,000.00
Single Water Service	1	ea	880.00	880.00
Concrete Encasement	225	lf	49.00	11,025.00
Connect to Water Tank	1	ls	2,000.00	2,000.00
Booster Station Pumps/Piping	1	ls	35,500.00	35,500.00
2" Ball Valve-Pressure Gauge	2	ea	250.00	500.00
Check Valve	1	ea	1,600.00	1,600.00
Gravel Pad at Booster Station	66	sy	48.00	3,168.00
Concrete Spillway at Water Tank	1	ea	800.00	800.00
Install Ring/ABC at Water Tank	1	ls	875.00	875.00
Haul ABC	1	ls	3,459.60	3,459.60
Water Tank	1	ea	116,000.00	116,000.00
Booster Station-electrical/Telemetry	1	ls	56,000.00	56,000.00
Booster Station-Building	1	ls	42,500.00	42,500.00
Back-up Well House/Existing Well-Pumps/Piping	1	ls	65,000.00	65,000.00
Back-up Well House-Electrical	1	ls	56,000.00	56,000.00
Back-up Well House-Building	1	ls	42,500.00	42,500.00
Back-up Water Well	1	ea	156,000.00	156,000.00
Subtotal Off-Site Water				833,210.60
TOTAL ON-SITE/OFF_SITE WATER ITEMS				1,436,950.60

ARIZONA DEPARTMENT OF WATER RESOURCES

Hydrology Division

500 North Third Street, Phoenix, Arizona 85004

Telephone 602 417-2448

Fax 602 417-2425



August 27, 2002

JANE DEE HULL
Governor

JOSEPH C. SMITH
Director

Mr. Roy Tanney
Director of Real Estate Subdivision
Arizona Department of Real Estate
2910 North 44th Street
Phoenix, Arizona 85018

**RE: Whispering Canyon, Yavapai County (REVISED)
Water Adequacy Report # 22-400580**

Dear Mr. Tanney:

Pursuant to A.R.S. 45-108, Southwest Ground-water Consultants, Inc., on behalf of Whispering Canyon Development L.L.C., has provided the Department of Water Resources with information on the water supply for the above referenced subdivision located in Sections 33 and 34, T16N, R3W, G&SR B&M. The subdivision is located approximately 18 miles northwest of the City of Prescott.

Adequacy of the water supply was reviewed by the Department with regard to quantity, quality, and dependability. Water for domestic use will be provided to each of the 400 lots in the subdivision by the ICR Water Users Association from wells located in section 17, T16N, R3W. The production wells are outside the current CC&N of the water provider, but serve as supply wells via contractual agreements.

The principal aquifer in the area is basinfill alluvium underlain by granite and schist. The current depth to water ranges from 20 to 30 feet below land surface. The information provided indicates that a sufficient amount of acceptable quality groundwater is available to supply the needs of the subdivision for 100 years.

The Department of Water Resources, therefore, finds the water supply to be adequate to meet the subdivision's projected needs. Any change to the subdivision or its water supply plans may invalidate this decision.

This letter, which constitutes the Department's report on the subdivision's water supply, is being forwarded to your office as required by A.R.S. 45-108. This law requires the developer to hold the recordation of the subdivision's plat until receipt of the Department's report on the

Page 2

Mr. Roy Tanney

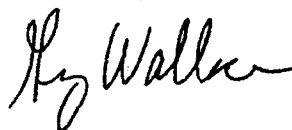
March 7, 2002

Whispering Canyon, Yavapai County

Water Adequacy Report # 22-400580

subdivision's water supply. By copy of this report, the Yavapai County recorder is officially being notified of the developer's compliance with the law.

Sincerely,



Greg Wallace
Chief Hydrologist

GW/KM/rd
202234

cc: Whispering Canyon Development L.L.C.
ICR Water Users Association
Southwest Ground-water Consultants Inc.
Patsy Jenney-Colon, Yavapai County Recorder
Mike Rozycki, Yavapai Planning & Zoning
Christa McJunkin, ADWR



**Yavapai County
Development Services Department**

Permitting & Compliance / Planning & Design Review / Flood Control
500 S. Marina Street, Prescott, AZ. 86303 / 10 S. 6th Street, Cottonwood, AZ. 86326
(928) 771-3214 (928) 639-8151

CERTIFICATE OF APPROVAL TO CONSTRUCT WATER FACILITIES

Page 1 of 2


Y. C. E. S. File No: 2001-1268	
System Name: ICR Water Users Association	13-303
System Owner/Address: ICR Water Users Association, P. O. Box 4413, Prescott, AZ 86302	
Project Name: Whispering Canyon PAD	
Project Owner/Address: Old Capital Investments, 118 S Pleasant, Suite 102, Prescott, AZ 86303	
Project Location: Williamson Valley, Prescott, Arizona	
Project Description: Extend existing water distribution system to serve Whispering Canyon PAD, a 92 lot subdivision.	

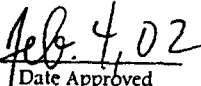
Approval to construct the above-described facilities, as represented in the approved plan documents on file at Yavapai County Development Services- Environmental Unit, is hereby subject to the following Provisions:

1. Construction shall be in accordance with plans and specifications stamped **APPROVED FOR CONSTRUCTION, YAVAPAI COUNTY DEVELOPMENT SERVICES-ENVIRONMENTAL UNIT,** which are dated and signed by the authorized Environmental Unit staff.
2. The Project Owner shall notify Environmental Unit when construction of the project begins to allow for inspection during construction per A.R.S. §49-104.B.10.

Provisions 3- 7 are continued on Page 2.

The state law, A. R. S. §49-104.b.10, requires that construction of the project must be in accordance with rule and regulations of Yavapai County Development Services, Environmental. If construction has not started within one year of the date of this approval, this certificate will be void and a written extension of time shall be required.


William Frank, RS, Manager
Environmental Unit


Date Approved

cc: Y.C.D.S-EU. File No: 2001-1268
Project Owner: Old Capital Investments
System Owner: ICR Water Users Association
Engineer: Lyon Engineering
ADEQ- Engineering Review Database

3. The Project Owner shall retain the services of a professional engineer before starting project construction to provide detailed construction inspection of this project. Upon completion of construction, the engineer shall fill out the Engineer's Certificate of Completion and forward it to the Environmental Unit staff with sealed "As- Built" plans, construction and test data. "clouding" or other effective identification method shall conspicuously identify the changes shown in the "as-built" plans. Upon receipt of these materials, the Environmental Unit staff will review the file and if in order, issue an APPROVAL TO OPERATE.
4. The Project Owner shall not begin operation of the newly constructed facility until an APPROVAL TO OPERATE is issued by the Department.
5. Approval to Construct is based on plans submitted by Lyon Engineering, signed by Richard G Poyner, PE, and dated October 9, 2001 and plans submitted by Lyon Engineering, signed by Richard G Poyner, PE, and dated October 1, 2001.
6. Microbiological testing must be completed in accordance with AWWA requirements.
7. System must have an agreement with an appropriate Certified Operator for system operation.

When recorded mail to:
ICR Water Users Association
P.O. Box 4413
Prescott, AZ 86302

WATER FACILITIES

LINE EXTENSION AGREEMENT

This Agreement, made this 12 day of MARCH, 2001 by and between ICR Water Users Association, an Arizona Corporation, whose address is Post Office Box 4413, Prescott, AZ 86302 (hereinafter referred to as "ICR") and Whispering Canyons whose address is 118 S. Pleasant, Suite 102, Prescott, AZ 86302 (hereinafter referred to as "Developer").

RECITALS: ICR Water Users Association is providing public utility water service in the vicinity of Prescott, Yavapai County, Arizona; and,

Developer proposes to construct a residential community (hereinafter referred to as the "Developer") within the area generally described as Whispering Canyons subdivision.

To meet the public utility water service needs of the Development, certain off-site facilities and/or on-site facilities described in Exhibit "A," attached hereto and made a part hereof, must be constructed; and,

ICR is willing to have Developer design and construct said on-site facilities, subject to ICR's written approval of such design and construction,

NOW, THEREFORE, in consideration of the mutual covenants herein contained, the parties hereby agree as follows:

1. Developer shall, upon signing this Agreement, design, construct and install, or cause to be designed, constructed or installed, all on-site and off-site facilities necessary to provide adequate water service to the Development. Said facilities are more fully described in Exhibit A. Developer shall pay all of the costs of constructing, installing and connecting on-site facilities, including but not limited to the costs of engineering, materials, labor, transportation equipment, necessary permits and approvals, testing, corrections, insurance and bonds. Developer's cost for the construction and installation of the on-site facilities shall be subject to the provisions of paragraph 11 of this Agreement. In addition, Developer shall pay all costs of CC&N expansion with Arizona Corporation Commission and Arizona Department of Water Resources.

2. The off-site and on-site facilities for the Development will be designed and constructed with sufficient capacity to accommodate the water service requirements of the Development.

3. Developer agrees that the completion of the on-site facilities will be timed so as to enable ICR to provide water service to the Development as such service is requested. Developer desires ICR to provide water utility service to each phase of the Development and in connection therewith, Developer is willing to construct and install certain water distribution facilities and transfer ownership of such facilities to ICR as each phase of the Development is undertaken. ICR is willing to operate and maintain these facilities upon their proper construction for the benefit of landowners and to provide water utility service within each phase of the Development in accordance with ICR's duties and obligations as a public service corporation. The construction and installation of each phase of the facilities, and every portion thereof, shall be in strict conformance with the approved plans, the applicable regulations of the Yavapai County Health Department, the Arizona Corporation Commission and the standards specified by ICR. The size, design, type and quality of materials, location in the ground and the manner of installation of each phase of the facilities shall be specified and approved by ICR, in writing, prior to the commencement of construction. Developer shall require that its contractor be bound by and strictly conform to the approved plans and specifications for the facilities. No changes, amendments or modifications of the plans or specifications contained therein

shall be made or authorized by Developer unless Developer first submits such change, amendment or modifications in writing to ICR and receives ICR's written approval therefore and, if required, the approval of the Yavapai County Health Department and any other governmental authority having jurisdiction thereover.

4. Developer shall obtain all requisite permits, zoning and other approvals in advance of construction of the on-site facilities. All plans, specifications, construction and installation of the on-site facilities shall be in accordance with good utility practices, and the rules, regulations and requirements of all other governmental agencies having jurisdiction thereover. Additionally, all of said plans and specifications shall have the written approval of ICR before construction is commenced. Approval by ICR will not be unreasonably withheld or delayed.

5. Developer shall comply with the inspection and testing requirements of ICR for the on-site facilities; said requirements shall be reasonable and shall not cause Developer unwarranted delays in the ordinary course of construction. Developer shall give ^{ICR}ICR adequate notice when the on-site facilities under construction are ready for inspection and testing, and ICR shall inspect promptly after being so notified. ICR specifically reserves the right to withhold acceptance of the on-site facilities unless said facilities have been constructed in accordance with the approved plans and specifications and are satisfactory to ICR upon inspecting and testing. Subsequent to inspection by ICR and for one year following ICR's final acceptance of on-site facilities, Developer agrees that at ICR's option and request it will promptly either correct all defects and deficiencies in construction, materials and workmanship at its expense or reimburse ICR for ICR's costs of correcting all defects and deficiencies in construction, materials and workmanship. Inspection or acceptance by ICR shall in no way relieve or limit Developer's responsibility and liability for construction and installation of the on-site facilities in accordance with the terms of this Agreement.

6. The off-site and the on-site facilities constructed pursuant to this Agreement shall become, and remain, the sole property of ICR without the requirement of any written document or transfer to ICR. However, Developer shall furnish any document pertaining to ownership and title as may be requested by ICR including documents which evidence or confirm transfer of possession to ICR, and good and merchantable title free and clear of liens, or which contain provisions for satisfaction of liens by Developer. All risk or loss shall be with the Developer until acceptance by ICR of the on-site facilities, or any portion thereof. Developer shall repair or cause to be repaired promptly, and at no cost to ICR, all damage to the on-site facilities caused by construction operations, until all construction in Development by or for Developer has been completed and accepted by ICR. Developer acknowledges that ICR has the right to, and may in the future, connect its existing or future water systems to the on-site and off-site facilities.

7. Developer shall, at no cost to ICR, grant or cause to be granted to ICR perpetual non-exclusive rights of way and easements. Developer shall be responsible to apply for and obtain all necessary zoning or other governmental approvals, including certificates of approval to construct and operate, as required, in a form satisfactory to ICR's counsel, for any on-site facilities constructed pursuant to the Agreement.

8. Upon execution of this Agreement, Developer shall convey or cause to be conveyed to ICR, by warranty deed, free and clear title to the land upon which any storage tanks, booster pumps, surge tanks and the like will be located.

9. Developer shall, within 60 days of acceptance of off-site and on-site facilities by ICR, furnish ICR with: (a) copies of all bills, invoices, and other statements of expenses incurred by Developer, covering all the costs of materials, equipment, supplies, construction and installation of the on-site facilities; (b) lien waivers and releases from contractors, subcontractors and vendors for materials, equipment, supplies and construction included in the on-site facilities; (c) receipts, specifying exact amounts for payments in full by Developer to all contractors, subcontractors and vendors for all materials, equipment, supplies, labor and other costs of construction of the on-site facilities; and (d) "as-built" drawings certified as to correctness by an engineer registered

in the State of Arizona and showing the location and respective sizes for all on-site facilities.

10. Subject to the Developer's satisfactory performance of the conditions herein, ICR will provide water service to the Developer in accordance with the rates, charges and conditions set forth in the tariffs of ICR as filed with the Arizona Corporation Commission. Those rates are subject to change from time to time upon application of ICR and approval by the Commission.

11. The funds advanced for off-site facilities and the on-site facilities as evidenced by invoices furnished to ICR pursuant to paragraph 9 hereof shall be contributed to ICR by Developer as a Contribution-in-Aid-of-Construction and Developer shall have no right to refunds or any payments of any kind from ICR for any of the funds advanced or expended by Developer to construct or install the off-site or on-site facilities. DEVELOPER ACKNOWLEDGES THAT IT UNDERSTANDS THAT IT HAS A RIGHT TO A REFUNDABLE AGREEMENT BUT HAS DECIDED TO CONTRIBUTE THE FACILITIES.

12. This line extension Agreement shall operate as a security interest given by Developer to ICR. By signing this Agreement, Developer gives to ICR those rights that are sated in this Agreement and those rights that Arizona law gives to lenders who hold mortgages on real property. Developer gives ICR these rights to protect ICR from losses that might result if Developer fails to pay any amounts owed to ICR. Developer grants ICR a mortgage security interest in the real property described in the Recitals at the beginning of this Agreement. ICR agrees that it will not record this instrument unless Developer defaults on the payment obligations set forth in this Agreement.

13. ICR will endeavor to maintain satisfactory and continuous service, but does not guarantee a continuous supply of water service. ICR shall not be liable for damages occasioned by interruptions or failure to commence service or unsatisfactory service caused by act of God or the public enemy, inevitable accidents, fire, explosions, strikes, riots, war, delay in receiving shipments of required material, order of any court or judge

granted in any bona fide adverse legal proceedings or action, or any order of any commission or tribunal having jurisdiction in the premises; or, without limitation by the preceding enumeration, or any other act or thing reasonably beyond its control or incident to interruptions necessary for repairs or changes in ICR's production, storage, transmission, or distribution facilities.

14. Developer hereby assumes the entire responsibility and liability for injury or death of any person, or loss or damage to any property contributed to or caused by the active or passive negligence of Developer, its agents, servants, employees, contractors or subcontractors in the execution of the work or in connection herewith. Accordingly, Developer will obtain liability insurance in the amount of \$1,000,000 to cover all liabilities arising under this contract. Developer will indemnify and hold harmless ICR, its officers, directors, agents, and employees from and against claims or expenses, including penalties and assessments and attorneys fees to which they or any of them may be subjected by reason of such injury, death, loss, claim, penalty, assessment or damage, and in case of any suit or other proceeding shall be brought on account thereof, Developer will assume the defense at Developer's own expense and will pay all judgments rendered therein.

15. The failure of either party to enforce any of the provisions of this Agreement or the waiver thereof in any instance shall not be construed as a general waiver or relinquishment on its part of any such provision but the same shall, nevertheless, be and remain in full force and effect.

16. Communications shall be sent to Developer at: Whispering Canyons, 118 S. Pleasant, Suite 102, Prescott, AZ 86303 or to such other addresses as Developer may advise ICR in writing, and to ICR at ICR Water Users Association, P.O. Box 4413, Prescott, AZ 86302 or to such other addresses as ICR may advise Developer in writing.

17. It is agreed that ICR is not an agent of Developer and shall not incur any costs or expenses on behalf of Developer and that Developer is not agent of ICR and shall not incur any costs or expenses on behalf of ICR.

18. This Agreement shall be governed by the laws of the State of Arizona and shall be subject to such approvals of regulatory agencies as may be required under the laws of said State.

19. This Agreement shall be binding upon and inure to the benefit of the parties hereto, and their respective successors and assigns. However, Developer shall not assign its rights, obligations and interest in this Agreement without the prior written consent of ICR, and any attempted assignment without such consent shall be void and of no effect.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement in duplicate counterparts, with each counterpart constituting an original.

ICR WATER USERS ASSOCIATION

WHISPERING CANYONS

By: McBain

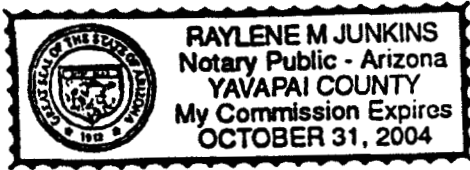
By: Cole

Its: President

Its: Manager

State of Arizona)
) ss.
County of Yavapai)

Before me this 23rd day of April, 2001 came Suzanne McGraw as the
President of the ICR Water Users Association, who has executed the foregoing
document as of the date written above.



Raylene M. Junkins
Notary Public

My Commission Expires:

Oct 31, 2004

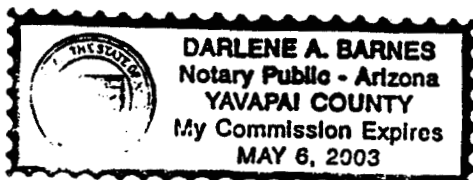
State of Arizona)
) ss.
County of Yavapai)

Before me this 12 day of April, 2001 came Cole Johnson as the
Developer of Whispering Canyons, who has executed the foregoing document as
of the date written above.

Darlene Barnes
Notary Public

My Commission Expires:

May 6, 2003



When recorded mail to:
ICR Water Users Association
P.O. Box 4413
Prescott, AZ 86302

FIRST AMENDMENT TO
WATER FACILITIES
LINE EXTENSION AGREEMENT

This Agreement, made this 31 day of January, 2002 by and between ICR Water Users Association, an Arizona Corporation, whose address is Post Office Box 4413, Prescott, AZ 86302 (hereinafter referred to as "ICR") and Whispering Canyons whose address is 118 S. Pleasant, Suite 102, Prescott, AZ 86302 (hereinafter referred to as "Developer").

RECITALS: A. The parties on March 12, 2001 entered into a Water Facilities Line Extension Agreement for the purposes of providing for the water requirements for persons residing within the area generally described as Whispering Canyons subdivision.

B. The parties wish to amend said Agreement to provide for refunds of advances to Developer.

NOW, THEREFORE, in consideration of the mutual covenants herein contained, the parties hereby agree as follows:

1. Section 11 of said Line Extension Agreement dated March 12, 2001 is deleted in its entirety.
2. A new section 11 is added to said Line Extension Agreement dated March 12, 2001, reading as follows:

11. The funds advanced for off-site facilities and the on-site facilities as evidenced by invoices furnished to ICR pursuant to paragraph 9 hereof shall be contributed to ICR by Developer as a Contribution-in-Aid-of-Construction. Following ICR's acquisition of the off-site and on-site facilities as provided above, ICR shall refund annually to Developer an amount equal to fifteen percent (15%) of the gross annual operating revenues from water

sales to bona fide customers of ICR within the Property. Such refunds shall be paid by ICR on or before December 31 of each calendar year three (3) years after the initiation of water utility service to the first customer within the Property by ICR, continuing thereafter in each succeeding calendar year for a total of twenty-five (25) years. No interest shall accrue or be payable on the amounts to be refunded for said facilities, and any unpaid balance remaining at the end of such twenty-five year period shall become a non-refundable contribution in aid of construction to ICR and be recorded as such in ICR's books and records of account. In no event shall the total amount of the refunds paid by ICR pursuant to this Agreement exceed the total amount of all refundable advances paid by Developer in connection with the construction of the Facilities.

3. This Amendment shall be governed by the laws of the State of Arizona and shall be subject to such approvals of regulatory agencies as may be required under the laws of said State.

4. This Amendment shall be binding upon and inure to the benefit of the parties hereto, and their respective successors and assigns.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement in duplicate counterparts, with each counterpart constituting an original.

ICR WATER USERS ASSOCIATION

WHISPERING CANYONS

By: *J. McGinnis*

By: *Tim Hest*

Its: *Broadie Director*
Manager

Its: *Robert Meyer*

State of Arizona)

) ss.

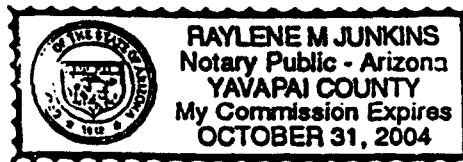
County of Yavapai)

Before me this 6th day of ^{February} ~~January~~, 2002 came Suzanne Mc Craine as the Manager of the ICR Water Users Association, who has executed the foregoing document as of the date written above.

Raylene M. Junkins
Notary Public

My Commissions Expires:

Oct 31, 2004



State of Arizona)

) ss.

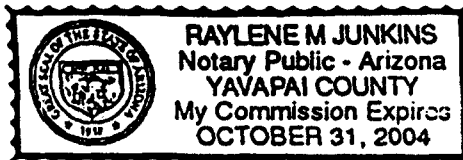
County of Yavapai)

Before me this 6th day of ^{February} ~~January~~, 2002 came Victor Hambrick as the Project Manager of Whispering Canyons, who has executed the foregoing document as of the date written above.

Raylene M. Junkins
Notary Public

My Commission Expires:

Oct 31, 2004



THIS IS A CONFORMED COPY OF INSTRUMENT
RECORDED 2-24-03 AT 10:46
IN BOOK 4001 OF OFFICIAL RECORDS
PAGE 758
BY JOHN L. RIZZY-KIRBY

At the request of Capital Title Agency
when recorded mail to:

ICR WATER USERS ASSOC.
Attention: Swayze McCraine
P. O. Box 4413
Prescott, AZ 86302

Special Warranty Deed for Well Conveyance

For the consideration of Ten Dollars, and other valuable considerations, I or we,

OLD CAPITOL INVESTMENTS L.L.C., an Arizona limited liability company

do/does hereby convey to

ICR WATER USERS ASSOCIATION, INC., an Arizona corporation

the following personal property situated in YAVAPAI, County, Arizona:

All right, title and interest in and to that certain Well (Arizona Registration Number 55-595797), situated on the property described in Exhibit "A" attached hereto and by reference is made a part hereof.

Dated: February 18, 2003

OLD CAPITOL INVESTMENTS L.L.C.,
an Arizona limited liability company

By: [Signature]

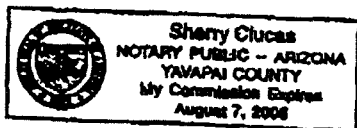
John Johnson, Member

By: Four Capital Group, Inc., an
Arizona corporation, as Member-Manager

By: [Signature]

Robert Cole Johnson, President

STATE OF ARIZONA) ss
County of YAVAPAI)

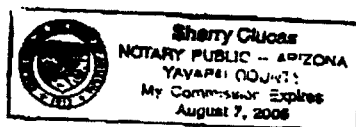


This instrument was acknowledged before me this 20th day of February, 2003 by ROBERT COLE JOHNSON as President of Four Capital Group, Inc., an Arizona corporation, being the Member-Manager of OLD CAPITOL INVESTMENTS L.L.C., an Arizona limited liability company.

[Signature]
Notary Public

My commission will expire _____

STATE OF ARIZONA) ss
County of Yavapai)



This instrument was acknowledged before me this 20th day of February, 2003 by JOHN JOHNSON as Member of OLD CAPITOL INVESTMENTS L.L.C., an Arizona limited liability company.

[Signature]
Notary Public

My Commission will expire _____

Lot 62, LONG MEADOW RANCH UNIT 2, according to the plat of record in the office of the County Recorder of Yavapai County, Arizona, recorded in Book 25 of result of Surveys, Pages 36-39.